

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury**Release Number: 201345035****Release Date: 11/8/2013****Date: August 13, 2013****UIL Code: 4945.04-04****Employer Identification Number:****Contact person - ID number:****Contact telephone number:****LEGEND**

W = company

X = scholarship

Y = school

Z = city/state

b = dollar amount

c = dollar amount

Dear

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code section 4945(g). This approval is required because you are a private foundation that is exempt from federal income tax. You requested approval of your scholarship program to fund the education of certain qualifying students.

Our determination

We approved your procedures for awarding scholarships. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of Code section 4945(g)(1). As a result, expenditures you make under these procedures won't be taxable.

Also, awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to Code section 117(b)).

Description of your request

Your letter indicates you will operate a scholarship program called X. The purpose of X is to award scholarship each year to graduating seniors at Y in Z. Scholarship funds are to be used for college tuition and other required fees, books, supplies, and equipment at an accredited college or university offering a four year degree program.

All graduating seniors at Y who will attend an accredited college or university offering a four-year degree program will be eligible to apply for X. Each scholarship will initially be

awarded on single year basis, but will be renewable for a total of four years, provided the recipient remains in good academic standing. There is no requirement or restriction on the course of study required for the original awarding of a scholarship or the renewal of a scholarship.

The criteria used for selection of the scholarship grant recipients will be (1) academic performance, (2) demonstrated leadership skills, and (3) financial need.

You will require each recipient to annually provide a statement of the use scholarship funds. Also, to be considered for renewal of the scholarship, the recipient must provide evidence of continued enrollment in an accredited college or university and evidence of good academic standing. Should a recipient fail to provide the annual statement of use of the scholarship funds and good academic standing, the recipient will be ineligible for renewal. Additionally, if inappropriate use of funds is evidenced, any further funds will be withheld and you will take all reasonable and appropriate steps to recover any diverted funds and devote those funds to intended and appropriate purposes.

Your trustees will determine the specific number of scholarships that will be made annually based upon the amount of funding available for X. Up to five scholarships will be awarded to graduating seniors each year. Each scholarship will be in an amount between b dollars and c dollars per year for each student. Your trustees will determine the specific amount of the annual grants based upon the amount of available funding.

The selection of scholarship recipients will be made by your scholarship committee, comprised of certain trustees of yours and two employees of W. No members of your committee may have children from which recipients will be selected.

Application for, publicity, and announcement of X will be made through the guidance counselor's office at Y.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is a scholarship or fellowship subject to the provisions of Code section 117(a).
- The grant is to be used for study at an educational organization described in Code section 170(b)(1)(A)(ii).

Other conditions that apply to this determination

- This determination only covers the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to your program to the Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations

- You cannot award grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We've sent a copy of this letter to your representative as indicated in your power of attorney.

Please keep a copy of this letter in your records.

If you have questions, please contact the person listed at the top of this letter.

Sincerely,

Kenneth Corbin
Acting Director, Exempt Organizations